



JOHN NAIMO  
ACTING AUDITOR-CONTROLLER

## COUNTY OF LOS ANGELES DEPARTMENT OF AUDITOR-CONTROLLER

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September 4, 2014

TO: Supervisor Don Knabe, Chairman  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Zev Yaroslavsky  
Supervisor Michael D. Antonovich

FROM: John Naimo  
Acting Auditor-Controller

A handwritten signature in black ink, reading "John Naimo", is written over the printed name and title.

SUBJECT: **SAN FERNANDO VALLEY COMMUNITY MENTAL HEALTH CENTER, INC. - A DEPARTMENT OF MENTAL HEALTH AND DEPARTMENT OF CHILDREN AND FAMILY SERVICES PROVIDER - CONTRACT COMPLIANCE REVIEW**

We completed a contract compliance review of San Fernando Valley Community Mental Health Center, Inc. (SFV or Agency), which covered a sample of billings from Fiscal Years (FYs) 2011-12 and 2012-13. The Department of Mental Health (DMH) contracts with SFV to provide mental health services, including interviewing Program clients, assessing their mental health needs, and implementing treatment plans. The Department of Children and Family Services (DCFS) also contracts with SFV to provide the Wraparound Approach Services (Wraparound) Program and the Family Preservation (FP) Program services. The Wraparound Program provides services to children and their families such as therapy, housing, education, and social assistance. The FP Program provides services to children and their families including prevention, support, intervention, transitional, and maintenance services.

The purpose of our review was to determine whether SFV provided the services outlined in their County contracts, and appropriately spent DMH and DCFS Program funds. We also evaluated the adequacy of the Agency's financial records, internal controls, and compliance with their contracts and other applicable guidelines.

During FY 2012-13, DMH paid SFV approximately \$26.8 million on a cost-reimbursement basis, and DCFS paid the Agency approximately \$1.1 million for the

Wraparound Program and approximately \$706,000 for the FP Program, both on a fee-for-service basis. The Agency provides services in the Third Supervisorial District.

### **Results of Review**

#### **DMH Program Review**

SFV's staff had the required qualifications to provide DMH Program services. However, SFV overbilled DMH \$3,097 for 13 (33%) of 40 billings reviewed, and needs to improve the quality of documentation in their Assessments, Client Care Plans, Weekly Summaries, and Informed Consent Forms. Specifically, SFV:

- Overbilled for eight (80%) of ten billings reviewed for Targeted Case Management totaling \$1,883, in which the Progress Notes did not address the mental health needs of the clients.
- Overbilled for five (33%) of 15 billings for Mental Health Services totaling \$1,214, in which the Progress Notes did not describe what the clients or service staff attempted and/or accomplished towards the Client Care Plan objectives.
- Did not adequately describe the clients' symptoms and behaviors consistent with the Diagnostic and Statistical Manual of Mental Disorder to support the diagnosis in 18 (75%) of 24 Assessments reviewed.
- Did not develop specific objectives for 16 (67%) of 24 Client Care Plans reviewed.
- Did not document in their Weekly Summaries at least one required contact with the clients' family member, caregiver, or significant support person for four (80%) of five Day Treatment Intensive Program days reviewed.
- Did not document Informed Consent Forms for two (13%) of 15 clients who received psychotropic medication.

*SFV's attached response indicates that they will repay by offsetting the unsupported billings from the FY 2012-13 account receivables due from DMH. SFV management also indicated that they initiated a comprehensive staff documentation training program for their treatment staff, and enhanced their Quality Assurance reviews to ensure that their documentation meets the County contract requirements.*

#### **DMH and DCFS Fiscal Review**

SFV maintained documentation to support 98% of the DMH, Wraparound, and FP Program expenditures reviewed, and maintained adequate controls over their cash and fixed assets. However, SFV charged \$12,174 (\$11,450 to the DMH Program and \$724

to the FP Program) in questioned costs, and did not always comply with the County contract requirements. Specifically, SFV:

- Charged the DMH Program \$3,426 in FYs 2011-12 and 2012-13 for unallowable Program costs, including costs related to fundraising activities for a non-County Program. After our review, SFV adjusted their accounting records and agreed to submit the revised Cost Reports to DMH.
- Charged DMH \$3,590 in FY 2011-12 for client supplies purchased with donated funds.
- Charged the DMH Program \$4,434 in FY 2011-12 for unsupported indirect costs, including lodging and meals.
- Charged the FP Program \$724 in FY 2012-13 for 100% of meeting costs that should have been allocated to all benefitted programs. After our review, SFV reduced the FP Program expenditures by \$724.
- Did not obtain criminal record clearances for three employees funded by the DMH Program. After our review, SFV obtained criminal clearances of the three employees.

*SFV's attached response indicates that they removed the questioned costs and will offset the questioned costs from the FYs 2011-12 and 2012-13 account receivables due from DMH. SFV management also indicated that they will ensure that their invoices are reviewed thoroughly and properly documented, and that program expenditures are allowable.*

Details of our review, along with recommendations for corrective action, are attached.

### **Review of Report**

We discussed our report with SFV, DMH, and DCFS. SFV's attached response indicates that they agree with our findings. DMH and DCFS will ensure that our recommendations are implemented.

We thank SFV management and staff for their cooperation and assistance during our review. Please call me if you have any questions, or your staff may contact Don Chadwick at (213) 253-0301.

JN:AB:DC:EB:sk

Attachments

c: William T Fujioka, Chief Executive Officer  
Philip L. Browning, Director, Department of Children and Family Services  
Dr. Marvin J. Southard, Director, Department of Mental Health  
Theresa Carey-Schonbach, Board Chairperson, SFV  
Ian Hunter, Ph.D., CEO, SFV  
Public Information Office  
Audit Committee

**SAN FERNANDO VALLEY COMMUNITY MENTAL HEALTH CENTER, INC.  
DEPARTMENT OF MENTAL HEALTH, WRAPAROUND APPROACH SERVICES,  
AND FAMILY PRESERVATION PROGRAMS  
CONTRACT COMPLIANCE REVIEW  
FISCAL YEARS 2011-12 AND 2012-13**

**DMH PROGRAM SERVICES**

**Objective**

Determine whether San Fernando Valley Community Mental Health Center, Inc. (SFV or Agency) provided the services billed to the Department of Mental Health (DMH) in accordance with their contract and related guidelines.

**Verification**

We selected 40 (.2%) of 18,938 approved Medi-Cal billings, and 62 (11%) of 582 service days for August and September 2012, which were the most current billings available at the time of our review (May 2013). We reviewed the Assessments, Client Care Plans, Progress Notes, Weekly Summaries, and Informed Consents in the clients' charts for the selected billings. The 40 billings and 62 service days represent services provided to 24 clients. In addition, we reconciled an additional 56 service days billed for the Day Treatment Intensive (DTI) and Adult Transitional Residential Programs within their Mental Health Program.

**Results**

SFV overbilled DMH \$3,097 for 13 (33%) of 40 billings reviewed. Specifically, the Agency overbilled for:

- Eight (80%) of ten Targeted Case Management Services billings totaling \$1,883, in which the Progress Notes did not address the mental health needs of the clients, as required by the DMH Provider's Manual, Chapter 1, Page 1-9. According to the Provider's Manual, Progress Notes are to document and support the presence of medical necessity that each service delivered is an intervention service identified in the Client Care Plans.
- Five (33%) of 15 Mental Health Services billings totaling \$1,214, in which the Progress Notes did not describe what the clients or service staff attempted and/or accomplished towards the Client Care Plan objectives, as required by the DMH Provider's Manual, Chapter 2, Page 2-2. According to the Provider's Manual, each chart note must include a description of service provided, what was attempted, and/or accomplished during the contact toward the attainment of a treatment goal.

In addition, the Agency needs to improve the quality of documentation in their Assessments, Client Care Plans, Weekly Summaries, and Informed Consent Forms in accordance with the DMH contract requirements.

### Assessments

SFV did not adequately describe the clients' symptoms and behaviors consistent with the Diagnostic and Statistical Manual of Mental Disorder (DSM) to support the diagnosis in 18 (75%) of 24 Assessments reviewed, as required by the DMH Provider's Manual, Chapter 2, Page 2-7. According to the DMH Provider's Manual, the initial clinical assessment should contain a DSM diagnosis that is consistent with the presenting problems, history, mental status evaluation, and/or other assessment form. The DSM is a handbook published by the American Psychiatric Association for mental health professionals, which lists different categories of mental disorder and the criteria for diagnosing them. The DMH contract requires the Agency to follow the DSM when diagnosing clients.

### Client Care Plans

SFV did not develop specific objectives for 16 (67%) of 24 Client Care Plans as required by the DMH Provider's Manual, Chapter 1, Page 1-11. According to the DMH Provider's Manual, Client Care Plans should include clinical/case management objectives that are SMART (specific, measurable, achievable, relevant, and time-bound).

### Weekly Summaries

SFV did not document in their Weekly Summaries at least one required contact with the clients' family member, caregiver, or significant support person for four (80%) of five DTI Program days reviewed, as required by the DMH Provider's Manual, Chapter 4, Page 4-7. According to the DMH Provider's Manual, there should at least be one contact per month with a family member, caregiver, or other significant support person identified by an adult client or one contact per month with the legally responsible adult for a client who is a minor. The contacts and involvement should focus on the role of the significant support person in supporting the client's community reintegration. It is expected that this contact will occur outside the hours of operation of the DTI Program.

### Informed Consent Forms

SFV did not document Informed Consent Forms for two (13%) of 15 clients reviewed who received psychotropic medication, as required by the DMH Provider's Manual, Chapter 2, Page 2-11. According to the DMH Provider's Manual, a voluntary client shall be treated with psychotropic medications only after he/she has been informed by the physician of his/her right to accept or refuse such medications. Informed Consent is the client's agreement to a proposed course of treatment based on receiving clear, understandable information about the treatments' potential benefits and risks.

**Recommendations**

**San Fernando Valley Community Mental Health Center, Inc. management:**

- 1. Repay the Department of Mental Health \$3,097.**
- 2. Ensure that Assessments, Client Care Plans, and Weekly Summaries are completed in accordance with their Department of Mental Health contract.**
- 3. Ensure that Informed Consent Forms are obtained and documented in the clients' charts prior to treatment with psychotropic medication.**

**STAFFING LEVELS**

**Objective**

Determine whether SFV maintained the appropriate staff to client ratio of 1:2.5 in their Adult Transitional Residential facility and 1:8 in DTI Program.

**Verification**

We selected ten days that SFV billed for the Adult Transitional Residential facility and DTI Program. We reviewed the census reports, client and staff attendance sheets, and timecards for August and September 2012.

**Results**

SFV maintained the required staff to client ratios.

**Recommendation**

**None.**

**STAFFING QUALIFICATIONS**

**Objective**

Determine whether SFV treatment staff had the required qualifications to provide the services.

**Verification**

We reviewed the California Board of Behavioral Sciences' website and/or the personnel files for 16 (4%) of 377 SFV treatment staff who provided services to DMH clients during August and September 2012.

**Results**

Each employee reviewed had the qualifications required to provide the billed services.

**Recommendation**

**None.**

**CASH/REVENUE**

**Objective**

Determine whether SFV properly recorded revenue in their financial records, deposited cash receipts into their bank accounts timely, and that bank account reconciliations were prepared and approved by Agency management timely.

**Verification**

We interviewed SFV personnel, and reviewed their financial records and April 2013 bank reconciliations for two bank accounts.

**Results**

SFV properly recorded revenue in their financial records, deposited their DMH and Department of Children and Family Services (DCFS) payments timely, and Agency management reviewed and approved bank account reconciliations timely.

**Recommendation**

**None.**

**EXPENDITURES**

**Objective**

Determine whether SFV's Cost Allocation Plan (Plan) complied with their County contracts, and if expenditures charged to the DMH, Wraparound Approach Services (Wraparound), and Family Preservation (FP) Programs were allowable, properly documented, and accurately billed.

**Verification**

We reviewed the Agency's Plan, and their financial records for 133 (78 DMH, 15 Wraparound, 20 FP, and 20 shared) non-payroll expenditures, totaling \$453,852 (\$331,276 DMH, \$25,695 Wraparound, \$34,439 FP, and \$62,442 shared) charged to



the DMH, Wraparound, and FP Programs from May 2011 through March 2013. We also interviewed Agency personnel.

### **Results**

SFV prepared their Plan in compliance with the County contracts, and maintained documentation to support 98% of the DMH, Wraparound, and FP Program expenditures reviewed. However, SFV charged the County Programs \$12,174 (\$11,450 DMH + \$724 FP) in questioned costs. Specifically, SFV:

- Charged the DMH Program \$3,426 (\$1,701 in Fiscal Year (FY) 2011-12 and \$1,725 in FY 2012-13) for unallowable indirect costs, including costs related to fundraising activities and non-County Programs. After our review, SFV adjusted their accounting records and agreed to submit the revised Cost Reports to DMH.
- Charged DMH \$3,590 in FY 2011-12 for client supplies purchased with donated funds.
- Charged the DMH Program \$4,434 in FY 2011-12 for unsupported indirect costs, including lodging and meals.
- Charged the FP Program \$724 in FY 2012-13 for 100% of meeting costs that should have been allocated to all benefitted programs. After our review, SFV reduced the FP Program expenditures by \$724.

### **Recommendations**

**San Fernando Valley Community Mental Health Center, Inc. management:**

4. **Reduce the Fiscal Year 2011-12 Department of Mental Health Cost Report by \$5,291 (\$1,701 + \$3,590), and the Fiscal Year 2012-13 Department of Mental Health Cost Report by \$1,725, and repay the Department of Mental Health for any excess amounts received.**
5. **Provide supporting documentation for \$4,434 and reduce their Fiscal Year 2011-12 Department of Mental Health Cost Report by unsupported amounts, and repay the Department of Mental Health for any excess amounts received.**
6. **Ensure that Program expenditures are supported by adequate documentation.**
7. **Ensure that only allowable Program expenditures are charged to the Programs.**

**FIXED ASSETS AND EQUIPMENT**

**Objective**

Determine whether SFV's fixed assets and equipment purchased with DMH and DCFS funds were used for the appropriate Programs and adequately safeguarded.

**Verification**

We interviewed SFV personnel, and reviewed the Agency's fixed assets and equipment inventory list. We also performed a physical inventory of six items purchased with DMH and DCFS funds.

**Results**

SFV adequately safeguarded and used the six items we reviewed for the Program.

**Recommendation**

**None.**

**PAYROLL AND PERSONNEL**

**Objective**

Determine whether SFV appropriately charged payroll costs to the DMH, Wraparound, and FP Programs, and maintained personnel files as required.

**Verification**

We compared the payroll costs for 35 employees, totaling \$150,017 for February 2013, to the Agency's payroll records and time reports. We also interviewed staff and reviewed the personnel files.

**Results**

SFV maintained personnel files, and appropriately charged payroll costs to the DMH, Wraparound, and FP Programs. However, SFV did not obtain criminal record clearances for three of their staff as required by the DMH contract. After our review, SFV obtained criminal clearances for the three staff.

**Recommendation**

**None.**

**DMH COST REPORT**

**Objective**

Determine whether SFV's FY 2011-12 DMH Cost Report reconciled to their financial records.

**Verification**

We compared the Agency's FY 2011-12 DMH Cost Report to their financial records.

**Results**

SFV's DMH Cost Report reconciled to their financial records.

**Recommendation**

**None.**



## SAN FERNANDO VALLEY COMMUNITY MENTAL HEALTH CENTER, INC.

*Moving Lives Forward*

16360 Roscoe Blvd., 2nd Floor, Van Nuys, CA 91406 Tel: (818) 901-4830

Ian Hunter, Ph.D., President/CEO

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### PROGRAMS

AB109  
ADULT FIELD CAPABLE CLINICAL SVCS. (FCCS)  
ADULT FULL SERVICE PARTNERSHIP (FSP)  
CALWORKS DOMESTIC VIOLENCE  
CALWORKS HOMELESS FAMILIES PROJECT  
CALWORKS MENTAL HEALTH SERVICES  
CENTER FOR FAMILY LIVING  
OUTPATIENT AND FCCS  
CHILDREN'S FCCS  
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MULTI-DISCIPLINARY ASSESSMENT TEAM  
MULTI-SYSTEMIC THERAPY PROGRAM  
OLDER ADULT FULL SERVICE PARTNERSHIP  
PROJECT NEW START  
PROJECT SAFE  
STREET TO HOME  
THERAPEUTIC BEHAVIORAL SERVICES  
TRANSITIONAL AGE YOUTH FCCS  
TRANSITIONAL AGE YOUTH FSP  
TRANSITIONAL YOUTH INTENSIVE DAY TREATMENT  
TRANSITIONAL AGE YOUTH OUTPATIENT  
TRANSITIONAL AGE YOUTH RESIDENTIAL SERVICES  
TURNING POINT (WEAPANOON)  
VALLEY EMPLOYMENT SERVICES  
VICTORY WELLNESS CENTER  
YOUTH AND FAMILY CENTERS - CENTRAL,  
EAST & NORTH VALLEY/FAMILY LINKS  
YOUTH CONTACT SCHOOL BASED SERVICES FCCS

[www.movinglivesforward.org](http://www.movinglivesforward.org)

May 13, 2014

Mr. John Naimo  
Acting Auditor-Controller  
County of Los Angeles  
Department of Auditor-Controller  
500 West Temple Street, Room 525  
Los Angeles, CA 90012

Re: San Fernando Valley Community Mental Health Center, Inc.  
– A Department of Mental Health and Department of Child  
and Family Service Provider – Contract Compliance Review

Dear Mr. Naimo:

The San Fernando Valley Community Mental Health Center, Inc. (Center) has reviewed and concurred with the findings on the above referenced report. The Center will certainly review and incorporate all the recommendations as listed into the Center's procedures.

The Center and its management team appreciated the hard work and dedication of the audit team during this program and fiscal review.

If you should have any questions, please do not hesitate to contact me at (818) 901-4830.

Sincerely,

Ian Hunter, Ph.D.  
President/CEO

Cc: Susan Kim, CPA  
Principal Accountant-Auditor

San Fernando Valley Community Mental Health Center, Inc.  
**FY 2011-12 and 2012-13 Contract Compliance Review**  
**A Department of Mental Health and**  
**Department of Children and Family Services Provider**

**Corrective Action Plan**

In response to the contract review and final report dated May xx, 2014, the San Fernando Valley Community Mental Health Center, Inc. ("The Center") has developed a Corrective Action Plan to be implemented throughout all of its programs.

**DMH PROGRAM SERVICES:**

**Recommendation 1: Repay the Department of Mental Health \$3,097.**

The Center will offset \$3,097 to the balance of \$29,881.29 which DMH owes to the Center for fiscal year 2012-13.

**Recommendation 2: Ensure that Assessments, Client Care Plans, and Weekly Summaries are completed in accordance with their Department of Mental Health contract**

After the preliminary contract review, the Center initiated efforts to enhance its staff training program and internal utilization review procedures in order to ensure that Assessments, Client Care Plans, and Weekly Summaries/Progress Notes include all required elements and follow all contract guidelines.

The Center has a comprehensive staff documentation training program that includes multiple courses on the specific requirements for completing and updating Assessments, Client Care Plans, and Weekly Summaries/Progress Notes. Each course has a corresponding and detailed training manual that includes the contract requirements, step-by-step instructions for each form or document, and written samples to be used as a guide for staff to follow as necessary. This training program is mandatory for all new employees and is open to all staff annually to give them the opportunity to refresh their knowledge and skills. The Center is utilizing the findings of this DMH Contract Compliance Review to update the training manuals to specifically address the results of this Review. These updates include explicit training to: 1) Improve documentation of Targeted Case Management services in Progress Notes; 2) Ensure that Progress Notes clearly state what was attempted or accomplished towards the Client Care Plan objectives; 3) Effectively document symptoms and behaviors to support the diagnosis on Assessments; and 4) Develop more specific treatment objectives on every Client Care Plan. The Center is applying these training manual updates to change the curriculum of the staff documentation training program and requires that all Center staff attend these augmented trainings.

In addition, each Program Manager is required to ensure that these updated elements are included in staff's documentation during their already required weekly Utilization Review Meetings. These meetings review documentation practices and identify areas for improvement at the individual and program levels. Each Program Manager then submits a monthly summary of the Utilization Review findings, including a plan of correction to the Quality Assurance Department. The Quality Assurance Department utilizes these summary reports to track and monitor the progress of the staff toward improving charting practices. When it is apparent that there are areas requiring additional training, changes to the curriculum of the Center staff documentation training can be made, and more targeted and specific trainings will be offered for the programs and/or individual staff as needed.

In order to verify the quality of the staff's documentation practices, the Quality Assurance Department will also conduct spot and targeted internal audits of client charts to ensure that charting requirements have been correctly documented and new training curriculum is being implemented in every program. The results of the internal chart audits will be used as a quality improvement tool to further enhance the Center's staff trainings and will be shared with Program Managers and other appropriate staff to address program and staff level issues. The Quality Assurance Department will track and monitor audit findings, customize future trainings to address areas of weakness, and work to continually make improvements across the Center's programs.

**Recommendation 3: Ensure that Informed Consents are obtained and documented in the clients' charts prior to treatment with psychotropic medication**

The Center will enhance its staff training program and internal procedures for verifying that Informed Consents for psychotropic medications are obtained and documented in clients' charts as required. The Center's management team will closely review current procedures for ensuring that Informed Consents are being obtained before prescriptions for psychotropic medication are given. Each program will designate an appropriate staff member, usually a member of the medication services staff, to check that Informed Consents are signed and filed in the chart as appropriate.

Each program manager will be required to check for these Consents during their weekly Utilization Review Meetings. This will ensure that there is more than one set of eyes looking for this important piece of documentation.

Furthermore, the Center's Quality Assurance Department will conduct targeted internal audits of medication services documentation. This will include verification that there is an Informed Consent for each psychotropic medication prescribed.

**EXPENDITURES:**

**Recommendation 4: Reduce the Fiscal Year 2011-12 Department of Mental Health Cost Report by \$5,291 (\$1,701 + \$3,590), and the Fiscal Year 2012-13 Department of Mental Health Cost Report by \$1,725 (\$1,159 + \$566), and repay the Department of Mental Health for any excess amounts received.**

The Center removed the disallowable expenditures in the amount of \$1,701 and added additional revenue in the amount of \$3,590 to the Center FY 2011-12 Cost Report and will offset \$5,291 to the balance of \$77,572.18 which DMH owes to the Center from FY 2011-12 Cost Report.

The Center removed the disallowable expenditures in the amount of \$1,159 from the Center FY 2012-13 Cost Report and will offset \$1,159 to the balance of \$29,881.29 which DMH owes to the Center from FY 2012-13 Cost Report. The disallowable expenditures in the amount of \$566 which have been removed from DMH costs before the completion of FY 2012-13 Cost Report.

**Recommendation 5: Provide supporting documentation for \$4,435 and reduce their Fiscal Year 2011-12 Department of Mental Health Cost Report by unsupported amount, and repay the Department of Mental Health for any excess amounts received.**

The Center removed the disallowable expenditures in the amount of \$4,435 from the Center FY 2011-12 Cost Report and will offset \$4,435 to the balance of \$77,572.18 which DMH owes to the Center from FY 2011-12 Cost Report.

**Recommendation 6: Ensure that Program expenditures are supported by adequate documentation.**

The Center's management will ensure that all the invoices will be thoroughly reviewed and properly documented.

**Recommendation 7: Ensure that only allowable Program expenditures are charged to the Programs.**

The Center's management will ensure that all the program expenditures are allowable costs.